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United States Senate

July 26, 2017

Mr. David A. Vaudt
Chairman
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Chairman Vaudt:

I write regarding the Governmental Accounting Standards Board's (GASB) efforts to update, improve, and maintain generally accepted accounting principles (GAAP) for state and local governments. I appreciate the GASB's efforts to streamline accounting standards in order to make sure they are uniform across states and cities, as well as being useful for folks who are investing in municipal debt. However, I have heard concerns from Montanans that highlight the need for these new standards to be tailored to work for rural America.

It is critical that your work to streamline accounting standards does not create new barriers for smaller and often rural communities. I have heard concerns that these new standards are overly complex and burdensome, leading local governments to reach far beyond their geographic areas to find accountants and auditors who are able to perform the necessary work. This ultimately means rural communities are forced to use the limited funds they have to hire larger, out-of-state accounting firms in order to comply with these evolving standards. This is counterproductive to the goals we share of easing the burden on small and rural entities.

In the last three years, GASB has issued over sixteen new Statements (GASB Statements 72-87), updating standards for local governments ranging from postemployment benefits to tax abatement. These standards have forced local governments in some of the most rural communities across Montana to subcontract a large portion of their accounting and auditing work out to large accounting firms, who specialize in these standards. To make matters even more complicated for rural towns, many accountants and auditors in rural areas have stopped working with local governments all together due to the complexity of these new GASB Statements, forcing work to be contracted to out of state firms. Over the last several months, my office has had many conversations with local auditors and accountants who have shared concerns about their ability to stay up to date on GASB standards. We have also had several conversations with local governments all across Montana about the struggles they are having while trying to comply with these GASB updates.

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Moving forward, as GASB looks to create new standards and statements, particularly for small local governments in rural America, I urge you to look for ways to lessen accounting burdens these communities face. This will allow local governments to use their already limited resources in a more productive manner and will allow them to better serve their constituents. I know we both share the same goal of ensuring that standards are universal, accurate, and modernized, but I believe this can be done in a manner that does not burden local governments in rural America. I appreciate you considering my request.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Tester", with a long, sweeping horizontal line extending to the right.

Jon Tester